

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 11, 2020

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00216

LINCOLN NATIONAL LIFE
INSURANCE COMPANY,
Defendant

CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2020 DEC 11 P 3:16

201226034

SETTLEMENT ORDER

Based on a market analysis inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lincoln National Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-508 (1) of the Code of Virginia ("Code") by offering an insurance program in an unfairly discriminatory manner; § 38.2-509 A 1 of the Code by offering an insurance program that was not plainly expressed in the contract originally issued and agreed upon between the Defendant and the insured; 14 VAC 5-41-40 E of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10, *et seq.* of the Virginia Administrative Code ("Rules") by failing to indicate that coverage may expire when either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage; 14 VAC 5-41-80 B of the Rules by using the term "affordable" in an advertisement without demonstrating the factuality of this term to the satisfaction of the Commission; and, 14 VAC 5-41-90 J of the Rules by using the term "advisor" in advertisements in a way that implies that the Defendant is generally engaged in an advisory business where compensation is unrelated to sales.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting nor denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan set forth in the Bureau's letter dated May 22, 2020; has tendered to the Treasurer of Virginia the sum of Seven Thousand Eight Hundred Dollars (\$7,800); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent by the Clerk of the Commission by electronic mail to:
Jeffrey L. Smith, Vice President & Chief Counsel, Life Insurance Legal Department, Lincoln
Financial Group, at Jeff.Smith@lfg.com, 100 N. Greene Street, Greensboro, North Carolina
27401; and a copy shall be delivered to the Commission's Office of General Counsel and the
Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.